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C O N F I D E N T I A L SECTION 01 OF 04 SARAJEVO 000063

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SUBJECT: STATE HOUSE OF REPRESENTATIVES HOLDS INAUGURAL
SESSION; PM-DESIGNATE CONFIRMED

Classified By: Charge d'Affaires Judith B. Cefkin, reasons 1.4 (b) and
(d).

¶1. (SBU) SUMMARY: The State House of Representatives (HoR) held its inaugural session January 11. The session focused mainly on procedural matters, including the selection of the House leadership, creation of a committee to select cabinet ministers, and confirmation of the Prime Ministerial candidate, Nikola Spiric. The HoR elected Beriz Belkic of the Bosniak Party for BiH (SBiH), Niko Lozancic of the Croatian Democratic Union (HDZ-BiH) and Milorad Zivkovic of the Serb Alliance of Independent Social Democrats (SNSD) as its new co-speakers. Prior to the vote on his confirmation, PM-designate Spiric delivered a long, broad ranging and ambitious speech detailing his workplan for the new government. Details of Spiric's program and the likely lineup of government ministers will be reported septel. END SUMMARY.

¶2. (SBU) The atmosphere at the inaugural session of the State House of Representatives January 11 was festive, something of a surprise considering the drawn-out and often contentious negotiations over forming a government. Aside from some procedural sour grapes from parties not included in the governing coalition, the session ran smoothly and the tone of the speeches was conciliatory and cordial. The first order of business was the election of the House's new leadership. It came as no surprise that Beriz Belkic of SBiH, Niko Lozancic of HDZ-BiH and Milorad Zivkovic of SNSD were elected handily, each garnering more than two-thirds of the vote. All three men were officially nominated by female delegates from their respective parties -- quite a novelty in a profession that remains dominated by men. The House then chose members for a committee to select cabinet ministers and adjourned so the newly-formed committee could meet and discuss its workplan.

¶3. (SBU) Following the recess, Prime Minister-designate Nikola Spiric of SNSD delivered a 40-minute speech detailing an ambitious plan for the work of the new government, with separate sections devoted to each State-level ministry and preparations for NATO and EU integration. Details of his program will be reported septel. The speech was inclusive in tone, and Spiric said he hoped to see optimism, enthusiasm and a willingness to compromise in all the members of the parliament, and promised to work tirelessly for the good of all citizens of Bosnia and Herzegovina. The speech was reasonably well received, but many delegates looked unsure whether it was appropriate to applaud when Spiric had

finished speaking. The result was an awkward pause, followed by a smattering of applause. After a period for comments by other delegates, the House confirmed Spiric by a vote of 29 for, six against and three abstentions (three of the 42 delegates were not present, and Spiric did not cast a vote). Opposing Spiric's election were the five delegates from the opposition Social Democratic Party (SDP) and the single delegate from the Bosnian Patriotic Party (BPS). The three Serb Democratic Party (SDS) delegates abstained.

BIOGRAPHIC INFORMATION ON PM NIKOLA SPIRIC (SNSD)

¶4. (SBU) Confirmed as the new Chairman of the BiH Council of Ministers (Prime Minister) January 11, Nikola Spiric (NEE-ko-la SHPEER-ich) leads an unwieldy coalition of seven political parties. Previously, Spiric was the Serb member of the rotating, tri-partite leadership of the State House of Representatives from 2003-06. Born on September 4, 1956 in Drvar, Spiric is an economist by profession, having completed his undergraduate, masters and doctoral degrees at the University of Sarajevo, with a specialization in monetary policy and public finance. Spiric is a valued Embassy interlocutor, providing support at crucial junctures for laws and initiatives of importance to the U.S., including the state law on internal debt and constitutional reform.

¶5. (SBU) Spiric, who has changed party affiliation on several occasions, entered politics in 1996. He started his career as a right-wing extremist, co-founding the Serb Radical Party of BiH (SRS-BiH), followed by a brief stint as a member of Radovan Karadzic's Serb Democratic Party (SDS). In 1998, Spiric founded his own, new party -- the Party for Krajina and Banja Luka. Using nationalist rhetoric as a

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campaign theme, Spiric was elected to the State House of Representatives in 1998. His inflammatory nationalistic speeches in parliament and opposition to reforms alienated the international community, and the Embassy avoided all contact with him. However, on the eve of the 2000 elections, Spiric seemed to experience a transformation. He joined the moderate Party of Democratic Progress (PDP), led by former Foreign Minister Mladen Ivanic. He served from 2000-02 as co-speaker of the State House of Peoples, the parliamentary upper-chamber, where he helped pass many important laws, including a contentious election law. In 2002 Spiric switched parties again, joining SNSD. Spiric is personable and easy-going. He is married with two children. His wife is a Bosniak, a fact he does not reveal readily, for fear his political opponents might use it against him. Spiric does not speak English.

BIOGRAPHIC INFORMATION ON NEW HOUSE LEADERSHIP

BERIZ BELKIC, SBiH

¶6. (C) Beriz Belkic (BEAR-iz BELL-kich), of President Haris Silajdzic's SBiH has worked his entire adult life in government, and climbed the ladder from the municipal level to serving as the Bosniak member of the Tri-Presidency from 2001 until the 2002 elections, completing the late Alija Izetbegovic's term following the latter's resignation due to illness. Belkic is a Vice President of SBiH, but is not a confidant of Silajdzic. Although he sometimes disagrees with Silajdzic, generally holding more centrist views, Belkic is loath to directly challenge him. After winning his first election to the HoR in 2000, Belkic confided to the Embassy his desire to become president of SBiH and turn it into a more centrist party. When Silajdzic temporarily stepped down as party president, Belkic made a play for the leadership position, but Silajdzic instead chose the morose and

unpopular Safet Halilovic to keep the presidential seat warm until his return to politics.

¶7. (C) In addition to his party position, Belkic also is chairman of the Srebrenica Executive Board, which coordinates all activities related to the Srebrenica Cemetery and Memorial in Potocari. Prior to his election to the HoR, Belkic was prime minister of Sarajevo Canton from 1998-2000. Among his achievements during that time was reaching out to his colleague from Serb-controlled Eastern Sarajevo and encouraging him to join the EU-funded program for the development of the "Sarajevo Economic Region," boosting inter-entity cooperation. From 1996-1998 Belkic was the Sarajevo Canton minister of housing affairs, a particularly difficult position, considering the large number of illegally-occupied housing units in the canton at that time. Under his leadership, the ministry ensured the successful implementation of the post-war property restitution laws. Belkic is keen to improve SBiH's relationship with the U.S., often privately expressing frustration with the nationalist elements of his party. Despite this, however, Belkic's generally quiet nature and poor health (he suffers from a heart condition) are likely to prevent him from taking positions contrary to those of Silajdzic and his circle. Belkic does not speak English.

NIKO LOZANCIC, HDZ-BiH

¶8. (C) With his election to the HoR in October 2006, Niko Lozancic (NEE-ko LOW-zahn-chich) began his second, non-consecutive mandate as a State legislator. From 2003-2006 Lozancic was President of the Federation of BiH, one of the two entities that make up the state of Bosnia and Herzegovina. Lozancic was born in 1957 in Kakanj, central Bosnia. A lawyer by profession, he served previously as a municipal councilor and Zenica-Doboj cantonal delegate. He chaired the Federation House of Peoples from 1999-2000 and was named vice president of HDZ in 2003. He served briefly as party president when Croat member of the BiH Tri-Presidency Ante Jelavic was removed by the High Representative in March 2001. Lozancic was among the key figures of the Croat self-rule (third entity) movement following the 2000 general elections.

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¶9. (SBU) Lozancic does not come from HDZ's traditional powerbase. He lived and worked in Kakanj, as some journalists belittlingly observed, as a street cop. His wartime activities are unclear, but he resurfaced in 1996 as HDZ's number one man in Kakanj. Prior to the war, Kakanj had a sizeable Croat population. After hostilities commenced between Croats and Bosniaks in late 1992, Croats were "encouraged" to leave the area. Elected to the Kakanj municipal council in 1996, Lozancic made frequent public statements decrying obstructionist Bosniak authorities who prevented the return of Croat-owned properties and discriminated against Croats with regard to employment and distribution of humanitarian aid. His party, however, pursued a different course, namely the resettlement of Croats from Central Bosnia to the areas late Croatian President Franjo Tudjman envisioned as part of a future Croat-majority entity in Bosnia and Herzegovina. In 1998, Lozancic, recently elected to the Zenica-Doboj Cantonal Assembly, caught the eye of his party superiors, which led to his selection as speaker of the Federation House of Peoples in ¶1999. After the 2000 elections that spawned the "third entity" movement, Lozancic was chosen as speaker of the (illegal) Croat Self-Rule Assembly, further confirming his Croat nationalist bona fides. After becoming Federation President in 2003, Lozancic vowed to be the president of all people in the Federation, but he soon slipped back into the familiar role of party spokesman and representative of Croat interests.

¶10. (C) Lozancic often is critical of the role of the international community in Bosnia. He repeatedly has expressed contempt for reforms conducted under the aegis of the Office of the High Representative (OHR). Lozancic also has been very vocal in his criticism of the Republika Srpska's lack of progress on reversing the wartime ethnic cleansing in the entity. In contacts with the Embassy, Lozancic has shown himself to be rather unpredictable. He can be very unpleasant, answering questions with questions. His stubbornness and refusal to change course even when it is clear he should do so shows a lack of pragmatism. However, when he commits to do something, he delivers. Lozancic is loyal to his party and its president. He also is ambitious. That combination of attributes could pay dividends if HDZ BiH's President Dragan Covic's conviction on charges of abuse of office are upheld and he is forced to step down as party president. Lozancic walks with a pronounced limp, having lost his left leg below the knee in an unknown incident many years ago. He does not speak English.

MILORAD ZIVKOVIC, SNSD

¶11. (SBU) Milorad Zivkovic (MEE-low-rad ZHEEV-ko-vich) served as a delegate in the Republika Srpska National Assembly (RSNA), as RS coordinator for reproductive health, as first deputy to the Head of the Commission for Foreign Affairs, and as President of the Group for Population and Development in Bosnia. He also served two terms in the BiH HoR, and was head of the SNSD caucus from 2002-04. During this period, he proved himself to be a reasonable, constructive and moderate politician who helped pass high priority legislation aimed at reforming the intelligence services, the economy and creating a unified defense structure. The Embassy has enjoyed a cooperative and productive relationship with Zivkovic over the years. He is not known as a party "soldier" with unquestioning loyalty to party president and RS PM Milorad Dodik. He is an outspoken critic of the nationalist Serb Democratic Party (SDS) and criticized Dodik's decision to allow SNSD municipal officials to work cooperatively with the SDS in some areas during Dodik's first mandate as RS PM from 1998-2000.

¶12. (SBU) As president of SNSD's Municipal Board, Zivkovic repeatedly sought an independent audit of the Doboj municipality government, alleging widespread corruption within the SDS-led municipality. His efforts were unsuccessful, however, as there was insufficient political will to force the audit. Zivkovic was born on May 2, 1963 in Mrkonjic Grad (southwest of Banja Luka). A physician by profession, specializing in obstetrics and gynecology, Zivkovic is chief of the high risk pregnancy unit of St. Luke's Hospital (Sveti Apostol Luka) in Doboj. He lives in Doboj with his wife, Slobodanka, an anesthesiologist, and his two children, son Nemanja and daughter Teodora. Zivkovic

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understands some English, but does not speak it fluently.
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